

# 2007-2008 PERFORMANCE PLAN – Sr. Investment Officer / Real Estate (T. Eliopoulos)

## Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> Quarter Status
5%	Core Industrial Sector Performance	Excess returns in basis points of the Total Core Industrial Portfolio return before fees versus the Disaggregated NCREIF Industrial Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter)	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	Total Industrial portfolio yearly return for the most recently available period did outperform the NCREIF disaggregated index (20.2% vs. 16.2%).
5%	Core Office Sector Performance	Excess returns in basis points of the Total Core Office Portfolio return before fees versus the Disaggregated NCREIF Office Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	Total Office portfolio yearly return for the most recently available period did outperform the NCREIF disaggregated index (32.3% vs. 22%).
5%	Core Retail Sector Performance	Excess returns in basis points of the Total Core Retail Portfolio return before fees versus the Disaggregated NCREIF Core Retail Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	Total Retail portfolio yearly return for the most recently available period did outperform the NCREIF disaggregated index (16% vs. 13.4%).
5%	Core Multi-Family Sector Performance	Excess returns in basis points of the Total Core Multi-Family Portfolio return before fees versus the Disaggregated NCREIF Core Multi-Family Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	Total Multi-family portfolio yearly return for the most recently available period did not outperform the NCREIF disaggregated index (12.1% vs. 13%).
10%	Total Core Portfolio Performance	Excess returns in basis points of the Total Core Portfolio return before fees versus the Disaggregated NCREIF Total Performance, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	Total CORE portfolio yearly return for the most recently available period did outperform the NCREIF disaggregated index (17.9% vs. 17.1%).
30%	Non-Core Portfolio Performance	Total Non Core portfolio return before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2008 (returns lag one quarter, 30% weight).	0 basis points = 0 +100 basis points = 1.0 + 150 basis points = 1.5	Total Non-CORE portfolio yearly return for the most recently available period did outperform the NCREIF total performance index (19.7% vs. 17.1).
25%	Total Fund Performance	Excess return in basis points relative to total fund performance benchmark (SJIC – CPERSTOT).	-40 basis points = 0 0 basis points = 1.0 +20 basis points =1.5	Total Fund Performance: 3.00 vs. 2.92 = 8 basis points
85%	Subtotal	Quantitative Measures		

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## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> Quarter Status
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> <li>• <b>Within Investment Group</b> (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition)</li> <li>• <b>Trustees</b> (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee)</li> <li>• <b>CalPERS</b> (e.g., involvement in enterprise-wide initiatives and programs)</li> <li>• <b>External Investment Community</b> (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees)</li> <li>• <b>Diversity</b> (e.g., promote meaningful diversity among our investment partners and staff)</li> <li>• <b>Succession Plan</b> (e.g., training and developing strong internal candidates to potentially fill my role in the future)</li> </ul>	From Schedule	<p>During the July 2007 Off-Site Board meeting, presented the Infrastructure Policy.</p> <p>In August 2007, presented the Timber Policy to the Policy Sub-Committee.</p> <p>During the August and September 2007 Investment Committee meetings, presented the REU's Strategic Plan for consideration and approval.</p> <p>On August 29, participated in Leadership Strategic Planning Session.</p> <p>On September 6th, attended the CalPERS Leadership Workshop.</p> <p>From September 10-15, participated in a due diligence trip to Latin America with existing partner, Met with real estate and government finance leaders in four countries.</p>

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### *Qualitative Performance Measures*

Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> Quarter Status
	Leadership (cont.)			<p>On September 18-19, participated in the California Pension Fund Investment Conference. With CalSTRS CIO Chris Ailman presented and discussed the "State of the Economy" with nation's top pension fund trustees.</p> <p>On September 25-27, SIO co-chaired the Pension Real Estate Association (PREA) Fall Conference. Real Estate staff also participated in the event.</p> <p>Real Estate senior staff worked closely with AIM and the Asset Allocation and Risk Management Units in developing the Infrastructure Pilot Program as part of the Inflation Linked Asset Class (ILAC).</p> <p>Continuously demonstrates commitment to Diversity Policy by canvassing a larger applicant pool when recruiting for REU.</p> <p>Demonstrated commitment to the success of new investment staff by developing and implementing a training and development plan.</p>

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Weight	Factor	Performance Measure	Incentive Schedule	1 <sup>st</sup> Quarter Status
	Leadership (cont.)  Including CalPERS Enterprise wide Objectives:	<u>Enterprise Compliance:</u> By June 30, 2008: <ul style="list-style-type: none"> <li>Identify all policies and regulations for the Investment Office and the tools and monitoring methods used to ensure compliance;</li> <li>Ensure that all appropriate staff have completed ethics training and are knowledgeable regarding policy, rules and regulations affecting their positions; and</li> <li>Perform compliance risk assessment of policies, rules and regulations for the Investment Office.</li> </ul>		On September 28, 2007, provided a mandatory training session for the REU team on policies and rules related to accepting and reporting gifts in the course of doing CalPERS business.
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		